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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Trade and Development Board on its tenth executive session

held at the Palais des Nations, Geneva,
on 4 May 1995

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Annex

I. Decision adopted by the Trade and Development Board

II. Agenda for the tenth executive session of the Trade and Development Board

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I. INTRODUCTION

1. The tenth executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 4 May 1995. The executive session consisted of one meeting - the 859th plenary meeting - which was devoted to the following substantive item:

New and emerging issues on the international trade agenda. [1]

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[1] Agenda item 2. The agenda of the tenth executive session is reproduced in annex II below.

II. NEW AND EMERGING ISSUES ON THE INTERNATIONAL TRADE AGENDA

(Agenda item 2)

2. For its consideration of this agenda item, the Board had before it the following document:

"New and emerging issues on the international trade agenda" - Note by the UNCTAD secretariat (TD/B/EX(10)/CRP.1).

3. In his opening statement, the **President** recalled the background to the Board's concern with the possible implications of key emerging issues of trade and development and the contents of the Board decision to convene an executive session for this purpose (cf. agreed conclusions and decisions 415 (XL), para. 23). He pointed out that the twin processes of globalization and liberalization had resulted in a number of domestic policies becoming exposed to close international scrutiny. Because many of these policies were viewed as having the potential for creating unfair competitive opportunities in trade or in attracting investment, arguments had been advanced in favour of establishing internationally agreed guidelines in a number of areas. The new and emerging issues had implications for the development process, and developing countries were legitimately concerned that these implications should be fully explored and that they themselves should be involved in any process which might lead to negotiations. The consideration of these issues in UNCTAD was thus both timely and necessary. UNCTAD's development mission, and the contribution which it had made to international cooperation for development over the years, suggested that the institution could play a major role in promoting a better understanding of the new issues on the international trade agenda and of their implications for development. No less important was UNCTAD's role in facilitating the emergence of a consensus on issues deemed ripe for negotiation and in helping developing countries and countries in transition concerned to prepare themselves adequately for any negotiations. He noted that, during the pre-Board consultations, a broad consensus had emerged that the best way forward would be to incorporate further work on the new and emerging issues within the context of the preparations for UNCTAD IX. He hoped that the Board's discussion would lead to the adoption of a clear strategy, which should include guidance to the UNCTAD secretariat with respect to any further work up to UNCTAD IX. An important objective would be to shed light on the development implications of the various issues.

4. Referring to the underlying rationale of the note by the secretariat, the **Officer-in-charge of UNCTAD** said that the issues it covered did not purport to be a definitive list or to represent the secretariat's views: they were based on the statement made by the Chairman at the end of the Marrakesh Ministerial Meeting. Neither was it being suggested that all of the issues should be discussed in UNCTAD. He singled out as the secretariat's specific contribution the examination of the organic relationship of the new and emerging issues with the twin processes of globalization and liberalization, and the conceptualization of the issues into three broad categories: issues which gave rise to demands for domestic policy harmonization; issues which reflected concern about the lack of coherence among global policy objectives; and issues which affected the ability of countries, especially the LDCs and other poor countries, to pursue national goals effectively. While all three categories gave rise to concerns, the proposal to "level the playing field" through domestic policy harmonization

had attracted most attention. In part, this was because the further reduction in tariffs and the extension of multilateral disciplines to new areas such as services, investment and intellectual property rights achieved by the Uruguay Round had served to focus attention on differences in domestic policies which were seen as creating unfair competitive advantages. Hence the increasing pressure on governments to reduce such differences. Some believed this could be done through the negotiation of multilateral guidelines, others favoured taking action in the context of trade agreements.

5. These and other questions raised in the secretariat note suggested that there was a need for further analysis of the various issues and for an integrated approach. UNCTAD was well placed to provide constructive approaches through its analytical work, in particular in providing a development perspective, and to promote consensus-building. Its work on trade and environment, especially on eco-labelling, was a good example of what UNCTAD could do. Two issues which were now moving to the forefront of the international agenda - and on which UNCTAD could play a useful role - were investment and competition policies.

6. The spokesman for the **Latin American and Caribbean Group** (Argentina) said that the secretariat note was a useful basis for the debate that would take place at UNCTAD IX. At this stage, his Group would comment on the first part of the note, which dealt with methodological and procedural aspects. The substantive debate on the individual issues should take place in the context of UNCTAD IX in accordance with the provisional agenda of the Conference. Given the importance of the implications of the new issues, there was need for in-depth preparation. The secretariat should prepare a series of analytical studies which would help the developing countries to better evaluate both the nature and the implications of the new issues. As part of the preparations for UNCTAD IX, the secretariat should invite experts to help clarify the many questions surrounding these issues. The choice of experts should reflect UNCTAD's global approach and their meetings should be open to informal participation by interested delegations.

7. The Latin American and Caribbean Group believed that most of the new issues could be dealt with under the first broad category identified in the secretariat note, namely those which gave rise to demands for domestic policy harmonizati UNCTAD's comparative advantage from the point of view of the developing countries lay in its capacity to analyse thoroughly and to evaluate such complex and diverse issues as competition policy, financial flows and the environment, among others. The objective of discussing these issues in UNCTAD was to strengthen the capacity of developing countries to negotiate in the appropriate forums.

8. The second broad category of issues, relating to coherence among global policy objectives, influenced the conditions of growth in countries of his Group and could modify the delicate balance achieved during the Uruguay Round negotiations. The impact on trade of interest rates and exchange rates was also important. In this area, it was necessary to identify mechanisms which could minimize the risks of instability in financial markets. It was important, therefore, to deepen UNCTAD's relationships with other international organizations and to strengthen the role of the United Nations system in this area.

9. The focus of the third broad category of issues, relating to the conflict between multilateral disciplines and domestic policy objectives, should be not only to preserve and improve traditional developmental instruments such as the GSP, but also to undertake analytical work designed to enable developing countries to maximize the benefits from the trading opportunities offered by the Uruguay Round, while minimizing possible negative effects. Such work should not be undertaken from a technical cooperation perspective; it should rather concentrate on a reassessment of the development strategies and instruments available to developing countries and on how to make the best use of such instruments in the context of the need to modify production patterns in response to the stricter multilateral disciplines in all fields resulting from the Uruguay Round.

10. Accordingly, he urged the Board to give the secretariat a broad mandate to prepare the necessary analytical reports for the UNCTAD IX discussion on the new issues.

11. The representative of **France**, speaking on behalf of the **European Union**, expressed satisfaction at the efficient preparations for the executive session. He felt that the Board's decision that UNCTAD IX "could also examine the new and emerging issues within its competence in the perspective of their implications for trade and development" [1] had created a new situation. The secretariat would as a result have to conduct the preparatory work on these issues in the context of UNCTAD IX. The EU believed that the new issues which could be studied in the framework of the Conference were those already specified in the agreed annotations to the provisional agenda. The secretariat could report on the progress of such preparatory work to the Board when it took up the agenda item on UNCTAD IX during the first part of its forty-second session. The EU was pleased to see that the ninth session of the Conference would provide UNCTAD with the most appropriate framework for the examination of issues that were of the utmost importance.

12. The spokesman for the **Asian Group** (Democratic People's Republic of Korea) said that, if an organization were to remain relevant, it had to take up issues that mattered to its members. It also had to find new and innovative ways of tackling these issues so that maximum benefit could be derived from the time spent on them. In this context, he felt that the new issues on the international trade agenda examined in the secretariat note must be put before the Ministers at UNCTAD IX in accordance with the provisional agenda, so that a decision could be taken concerning the issues on which UNCTAD should focus. To facilitate that decision, he requested the UNCTAD secretariat to prepare detailed and comprehensive documentation. Among the nine issues covered by the secretariat note, the Asian Group felt that the matter of trade and labour standards was already being dealt with by the International Labour Organisation, and that it was therefore not necessary for UNCTAD to focus on it. Ministers at UNCTAD IX should, however, benefit from UNCTAD's expertise in the form of reports on each of the other issues.

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[1] Report of the Trade and Development Board on the second part of its forty-first session (TD/B/41(2)/15 (Vol.I)), section I.A, annotations to Topic 1 (a).

13. With regard to the modalities for taking up these issues after UNCTAD IX, he suggested a prudent approach to the creation of standing committees and ad hoc working groups. It was worthwhile exploring how some of these issues could be amalgamated or incorporated within the terms of reference of existing intergovernmental bodies. For example, the question of competition policy could easily be taken up by the Intergovernmental Group of Experts on Restrictive Business Practices, the question of erosion of preferences by the Special Committee on Preferences, and trade and investment by the Commission on International Investment and Transnational Corporations. Similar action could be taken on some of the other new issues. This would enable the secretariat to devote more time to each issue and would give a greater possibility to delegations to study the relevant documentation.

14. In conclusion, he said that the purpose of UNCTAD was not just to provide a forum for dialogue on these new and emerging issues but also to promote consensus, so that practical and implementable conclusions could be reached. It was therefore necessary to reflect on and analyse the post-Cartagena work methods so as to determine whether they had produced the expected results.

15. The representative of **China** said that the process of the globalization and liberalization of the world economy highlighted the importance of international trade. However, the recent strong growth in international trade had by no means been without pitfalls. The smooth operation of national economies was the primary prerequisite for the development of trade. A new post-Uruguay Round multilateral trade system was in the making which brought to the developing countries opportunities for growth and trade, but also presented them with challenges and even, in some aspects, negative impacts.

16. Some perennial issues such as commodities, capital flows and external debt were yet to be fully addressed, whereas some new and even more complex problems were emerging. The developed countries were taking a good lead in such areas as high-technology, information and environmental protection, which gave them a cutting edge in trade efficiency. Meanwhile, the vast majority of developing countries were losing their original comparative advantages and were faced with new imbalances. Therefore, he deemed it advisable to study and discuss, on the basis of paragraph 52 of the Cartagena Commitment, the emerging issues in the area of international trade, and to bring fresh thinking to bear on long-standing problems. In this area, UNCTAD had several advantages. Most of the issues listed in the secretariat's note, such as investment, competition policy and preferences, were already being examined, albeit in a preliminary manner, in UNCTAD intergovernmental bodies. Furthermore, UNCTAD possessed the capability and expertise to conduct a comprehensive examination of these issues. UNCTAD should, therefore, carry out further in-depth examination of these issues and, when conditions permitted, reach consensus in the light of the new situation.

17. In this context, he proposed that, on the new issues which had already been examined in a preliminary fashion in UNCTAD, work could be pursued in a selective manner, building on the past achievements while taking into consideration the new post-Uruguay Round situation. With regard to those issues on which UNCTAD had yet to initiate discussions, it seemed advisable to take a cautious approach. In selecting the new issues, the provisional agenda for UNCTAD IX should constantly be a point of reference. At the same time, attention should be paid to resolving problems that persisted in the area of trade so that the limited

time and energy could be concentrated on the in-depth examination of some major issues that would serve as useful inputs to UNCTAD IX. The study of the emerging issues should be included in the preparations for the Conference. UNCTAD's primary mandate was to examine trade and development issues, so that only issues which were relevant to this mandate should be examined.

18. The representative of **Tunisia** said that the issue of the trading system and internationally recognized labour standards was not new; moreover, it did not fall within UNCTAD's mandate, nor was it of exclusive interest to the developing countries. The matter was being discussed in the ILO, where the concept of a link between labour standards and trade had been challenged and had given rise to a controversial debate. He felt that the WTO and the ILO were more appropriate forums than UNCTAD for such a discussion. UNCTAD should concentrate on more relevant themes, on which it had competence and expertise and which were not being examined elsewhere. Referring to the statement by the Officer-in-charge of UNCTAD, he said that besides the Marrakesh list there were two General Assembly resolutions (49/104 and 49/142) which dealt with two themes of interest to UNCTAD. The first resolution appealed to the international community and to international organizations to undertake specific activities in favour of developing countries in the field of primary commodities, particularly with regard to the functioning of commodity markets, the management of risk and commodity diversification. This was an area in which UNCTAD could perform valuable work in the spirit of the Partnership for Development launched by UNCTAD VIII. The second resolution concerned Africa's development in the 1990s, another area in which UNCTAD was called upon to make an important contribution.

19. The representative of **Japan** said that UNCTAD, given its experience and its analytical capacity, could play a major role in promoting a better understanding of the new issues on the international trade agenda, and in particular of their implications for developing countries and countries in transition. He pointed out that the intergovernmental bodies of UNCTAD had not yet begun their work on the new issues to the extent suggested by the secretariat note, and that some had not yet reached a consensus to take up these issues in their future agenda. He supported the suggestion set out in the last part of paragraph 33 of the secretariat note which requested the subsidiary bodies of the Board that were already examining certain aspects of the new issues to explore their trade implications more fully. In his view, issues such as competition policy, regionalism, the GSP and poverty alleviation were appropriate subjects for examination by the existing bodies of UNCTAD.

20. The representative of the **Islamic Republic of Iran** said that UNCTAD was the right place to tackle issues concerning global development and trade patterns, policies and practices. The Cartagena Commitment had strengthened UNCTAD's mandate by envisaging the identification of an early warning perspective as a matter deserving UNCTAD's attention. So far, however, UNCTAD had not been allowed to shape overriding issues and topics, or the policies relating to them. The fact that the Bretton Woods institutions and the World Trade Organization were playing crucial roles in reforming the macro-economic and trade policies of the developing countries and the world as a whole did not exonerate member States from the task of assigning a more consolidated role to UNCTAD. It was necessary to ensure that, once a topic was discussed in UNCTAD, the institution would play a substantive role in shaping issues and problems in the multilateral economic agendas as well as in finding ways for resolving them.

21. Referring to the secretariat note, he said that the dismantling of controls on cross-border transactions had to take account of levels of development and that developing countries should first be sure that appropriate measures and policies were taken by the developed countries. Furthermore, the removal of border controls must also apply to technology transfers, which are vital to improve productive capacity in the developing countries. He added that a new issue for UNCTAD were the deliberate controls and discrimination which had been introduced to the detriment of free trade policies and practices.

22. He felt that it was premature to allow issues such as labour standards, which had not yet graduated from the ILO, to be taken up by UNCTAD. There was a risk that this might lead to the shaping of binding commitments in the WTO, with unpredictable effects on the efforts of the developing countries to liberalize and globalize their policy structures. His country believed that a review of old issues, accompanied by consensus-building on new and emerging issues, provided a good basis for increasing UNCTAD's relevance. Once this had been done, the other issues discussed in the secretariat note could be scrutinized.

23. The representative of **Bulgaria** expressed his Government's concern at the negative effects which the United Nations-decreed sanctions and embargo had on the economies of countries like Bulgaria. As a result of these measures, Bulgaria had suffered direct losses amounting to US$ 942 million in 1992 and about US$ 1,500 million in 1993. The United Nations General Assembly had adopted resolutions 48/210 and 49/21 which called on United Nations bodies and specialized agencies to study the question of the direct and indirect losses experienced by countries as a result of embargoes imposed on third countries. His Government considered this to be a very serious problem at this stage of Bulgaria's development. Unfortunately, the difficult period of transition which Bulgaria was going through coincided with the negative impact on the country of the above resolutions. He called on the UNCTAD secretariat to pay due attention to this matter. In particular, he wished to see this issue discussed in the course of the preparations for UNCTAD IX under item 1 of its provisional agenda. His Government was willing to provide additional information and written material for this purpose.

Action by the Board

24. The Trade and Development Board adopted a draft decision on this item (TD/B/EX(10)/L.1) which the President had submitted as a result of informal consultations. (For the decision, see annex I below).

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the session

25. The tenth executive session of the Trade and Development Board was opened on 4 May 1995 by Mr. Richard A. Pierce (Jamaica), President of the Board during its current forty-first session.

B. Bureau of the Board

26. There being no change in the officers elected to serve on the Bureau of the Board throughout the forty-first session, the Bureau of the tenth executive session was as follows:

President:	Mr. Richard A. Pierce (Jamaica)
Vice-Presidents:	Mr. Youri Afanassiev (Russian Federation) Mr. Phabien Raphaël Edafe (Madagascar) Mr. Rüdiger Lemp (Germany) Mr. Shohei Naito (Japan) Mr. Jose Luis Perez Gabilondo (Argentina) Mr. Stephen A. Schlaikjer (United States of America) Mr. Adian Silalahi (Indonesia) Mr. Björn Skogmo (Norway) Mr. Jamaluddin Syed (Bangladesh) H.E. Zdenek Venera (Czech Republic)
Rapporteur:	Mr. Calson Mbegabolawe (Zimbabwe)

C. Adoption of the agenda

(Agenda item 1)

27. The Board adopted the provisional agenda for the tenth executive session as contained in section I of TD/B/EX(10)/1. (For the agenda, see annex II below).

D. Report of the Trade and Development Board on its tenth executive session

(Agenda item 4)

28. The Board authorized the Rapporteur, under the authority of the President, to prepare the report of the Board on its tenth executive session.

ANNEXES

Annex I

DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD

Decision 426 (EX-10): New and emerging issues on the international trade agenda

The Trade and Development Board,

Recalling paragraph 52 of the Cartagena Commitment, the Board's agreed conclusions 401 (XXXIX) of 26 March 1993 and its conclusions and decisions 415 (XL) of 27 May 1994,

Having considered, in the light of the note by the UNCTAD secretariat (TD/B/EX(10/CRP.1), the approach to dealing with the implications of new and emerging issues on the international trade agenda,

Taking into account the Board's decision that the relevant agreed annotations to the provisional agenda for UNCTAD IX (TD/B/41(2)/L.4/Rev.1, Topic 1(a)) state that "the Conference could also examine the new and emerging issues within its competence in the perspective of their implications for trade and development,"

1. Agrees that appropriate exploratory work be undertaken on such new and emerging issues on the international trade agenda within the preparatory process for UNCTAD IX in accordance with the provisional agenda and agreed annotations for the Conference;

2. Encourages the UNCTAD secretariat to take into account relevant work being done in other forums.

859th meeting
4 May 1995

Annex II

AGENDA FOR THE TENTH EXECUTIVE SESSION ON THE TRADE AND DEVELOPMENT BOARD

1. Adoption of the agenda and organization of the work of the session

2. New and emerging issues on the international trade agenda

3. Other business

4. Report of the Trade and Development Board on its tenth executive session.

Annex III

MEMBERSHIP AND ATTENDANCE */

1. The following States members of UNCTAD, members of the Ad Hoc Workin Group, were represented at the session:

Algeria
Angola
Argentina
Austria
Bangladesh
Belarus
Bolivia
Brazil
Bulgaria
Burundi
Chile
China
Costa Rica
Cuba
Democratic People's Republic of Korea
Ecuador
Egypt
Ethiopia
Finland
France
Gabon
Germany
Greece
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Jamaica
Japan
Jordan
Madagascar
Malaysia
Malta
Mexico
Nepal
Netherlands
Pakistan
Paraguay
Peru
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay

2. The International Trade Centre UNCTAD/GATT was represented at the session

3. The following specialized and related agencies were represented at th session:

International Labour Organisation
Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization.
The World Trade Organization was also represented at the session.

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*/ For the list of participants, see TD/B/EX/INF.9.

4. The following intergovernmental organizations were represented at the session

European Community
Organization for Economic Co-operation and Development
Organization of African Unity
Organization of the Islamic Conference

6. The following non-governmental organizations were represented at the session:

General Category

International Confederation of Free Trade Unions
Society for International Development

Special Category

Consumers International

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